

FINANCIAL footnotes

In this issue:

Online File CabinetSM

Crystal Ball

New Tax Cuts

Retirement In Sight



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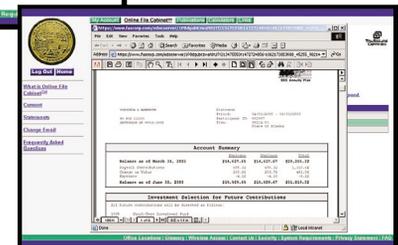
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- 6) Click on "Submit."



Crystal Ball

You can't predict market performance — but you can make some educated guesses

Everyone knows that you can't predict the ups and downs of the market. There is, however, one tool of economic measurement that acts as a kind of "crystal ball." It can help you get a general feel for where our economy may be headed.

Our crystal ball is **The Index of Leading Economic Indicators**. The leading index is really 10 economic "benchmarks" rolled into one, including unemployment insurance claims, building permits, interest rates and stock prices. It was designed to measure where the overall U.S. economy is headed during the next three to six months. Although determining the index requires some major calculating power, following it doesn't. Basically, when the leading indicators are rising, that's a positive sign of economic growth. When the indicators slow down or start to fall, that's a signal that growth is slowing.

At the end of June of this year, the Index of Leading Economic Indicators rose 0.1%. It was the third straight month that the index had increased. Four of the 10 components of the index rose in June, including stock prices and building permits. However, with high unemployment and weakness in the manufacturing sector, it was still uncertain whether the U.S. was about to enter a period of steady growth. But most analysts were feeling optimistic about the chances for a market turnaround.

The important thing to remember is to stay active in managing your financial future. Make an effort to understand what's going on and what affect it may have on your Plan account balance. The fact that you're in the market for the long term should help you weather the many ups and downs you'll experience over the years.

You can learn more and find the latest leading indicator figures at: www.tcb-indicators.org. The index also is published monthly in the business section of your local paper and in many leading financial publications, such as *The Wall Street Journal*.

New Tax Cuts Mean Savings for Many

Jobs Growth and Tax Relief Reconciliation Act

In June, President Bush signed a federal income tax-cut package into law. The tax cuts affect almost everyone who pays federal income taxes. In fact, the Treasury Department estimates that 91 million taxpayers will receive an average 2003 tax cut of \$1,126. Here are some highlights of this broad-reaching new tax law.

Tax rates cut

Many of us noticed an increase in our paychecks this summer due to reductions in the tax rate brackets. These reductions affect all taxpayers except those in the 10% and 15% brackets.

2002 Rates	2003 Rates	Single Filers	Joint Filers
27%	25%	Over \$28,400	Over \$56,800
30%	28%	Over \$68,800	Over \$114,650
35%	33%	Over \$143,500	Over \$174,700
38.6%	35%	Over \$311,950	Over \$311,950

The new rates were effective in July, but the reductions are retroactive to the beginning of this year. This means that most taxpayers will have had too much federal income tax withheld from their paychecks for the first half of the year.

Even though taxpayers in the 10% bracket didn't see a tax rate reduction, they did see an increase in the income threshold. For single filers, the income threshold rises from \$6,000 to \$7,000, and it increases from \$12,000 to \$14,000 for joint filers.

Child credit increases

The tax credit for most parents with children under the age of 17 increased from \$600 to \$1,000 per child. This summer the IRS sent checks for the increased amount (\$400 per child claimed in 2002) to qualifying families.

Marriage penalty relief

The new law relieves the "marriage penalty" by raising the standard deduction for married couples to \$9,500 (twice that of single filers). The standard deduction for married taxpayers filing separately increased to \$4,750 (the same as that of single taxpayers). Also for married couples, the 15% tax bracket widened to include a higher income threshold.

Cuts won't last

All of the changes included in the tax law will expire over the next few years, unless Congress votes to extend them. For example, the expanded 10% bracket, marriage penalty relief and the increased child credit will all expire at the end of 2004. The tax rate reductions will stop after 2010 and return to 2002 brackets.

More information available

Only some of the more broad-reaching tax law changes have been discussed here. To find out more information, visit the IRS Web site at www.irs.gov.

Retirement In Sight

Home Sweet Home

The last three years may have taken a toll on your retirement account balance. What will it mean for your soon-to-be retired life? Maybe that cruise you plan to take each year will have to become less frequent. Buying that RV will have to wait a few years. Perhaps you'll need to continue working a little longer.

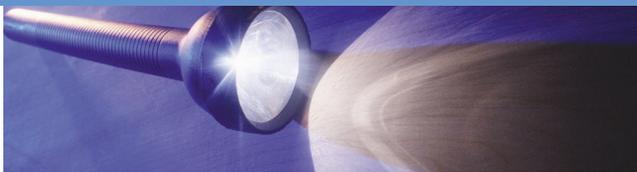
During times like these, we all need to feel more secure about our retirement income sources. Sure, you'll have Social Security. Maybe you're lucky enough to have a pension. And, of course, you don't want to give up on your Plan just yet!

It may give you some additional confidence to know that your home may be a valuable alternative source of retirement income. As you get closer to retirement, you are probably going to hear more and more about something called a "reverse" mortgage.

Reverse Mortgages At a Glance

A reverse mortgage (RM) is a type of home equity loan that allows you to convert some of the equity in your home into cash while you retain home ownership. RMs work much like traditional mortgages, only in reverse. Rather than making a payment to your lender each month, the lender pays you. Unlike conventional home equity loans, most RMs do not require any repayment of principal, interest or servicing fees for as long as you live in your home. Funds obtained from an RM may be used for any purpose.

To qualify for an RM, you must own your home and be at least 62. The RM funds may be paid to you in a lump sum, in monthly advances, through a line-of-credit, or in a combination of the three, depending on the type



of RM and the lender. The amount you are eligible to borrow generally is based on your age, the equity in your home and the interest rate the lender is charging.

Because you retain title to your home with an RM, you also remain responsible for taxes, repairs and maintenance. Depending on the plan you select, your RM becomes due with interest either when you permanently move, sell your home, die or reach the end of the pre-selected loan term. The lender does not take title to your home when you die, but your heirs must pay off the loan. The debt is usually repaid by refinancing the loan into a forward mortgage (if the heirs are eligible) or by using the proceeds from the sale of your home.

Don't Go it Alone

Reverse mortgages aren't for everyone. But for some people it may be worth investigating as an option to help increase your income during retirement. Because your home is such a valuable asset, you will want to consult with your family, attorney or financial advisor before applying for one. Knowing your rights and responsibilities as a borrower may help to minimize your financial risks and avoid any threat of foreclosure or loss of your home.

Additional Resources

AARP (www.aarp.org/revmort)
HUD (www.hud.gov/buying/rvrmort.cfm)
Reverse Mortgages For Beginners by Ken Scholen

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Please Note: This newsletter does not constitute investment or financial planning advice.

We'd like to hear from you.
Please send your questions to:

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For more information about available investment options in your Plan, including fees and expenses, refer to the Investment Option Detail sheets.

For account or investment-related issues, contact:

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